At the end of 1101 the State had a net asset of Rs. 48,24,146 after providing for all liabilities as against Rs 41,56,453 at the beginning of the year. Out of this, a sum of Rs. 36,12,706 lay in investments of which a sum of Rs. 6,88,058 represents the expenditure incurred so far on Harbour Works. Of the balance of Rs. 29,24,648, Rs. 82,500 lay invested in the Vaniampara Rubber Company Rs. 2,41,755 in the Cochin Tanneries, Rs. 3,50,000 in the Sitaram Spinning and Weaving Company, Rs. 52,600 in the 1945--55 War Bonds, Rs. 5,00,000 in the 7 per cent Mysore Loan of 1931, and the balance in Bank deposits.

The State Loan which, at the beginning of the year, stood at Rs. 85,000 was reduced to Rs. 75,000 at the end of the year, the only outstanding debenture loan of Rs. 10,000 having been discharged during the year. The loan of Rs. 75,000 referred to represents the amount borrowed from the Devaswam Department for investment in the Vaniampara Rubber Company.

In regard to our financial position, I have only to repeat what I said last year, viz., 'though we are in a financially stable condition we still have to proceed cautiously in working out our programme of expenditure and cannot afford to embark on any big schemes involving large outlay without prejudicially affecting our financial stability and equilibrium.'

With these preliminary observations let me pass on to the working of the current year.

REVISED ESTIMATES OF 1102.

RECEIPTS.

According to the budget estimate we anticipated a revenue of Rs.70,36,700 and an expenditure of Rs. 68,91,000 thus resulting in a surplus of Rs. 1,45,700; but the revised estimates show an improvement of Rs. 3,27,700 in revenue and a fall of Rs. 31,900 in expenditure, the total revenue and expenditure we now anticipate being Rs. 73,64,400 and Rs. 68,59,100 respectively. The anticipated surplus at the end of the year is thus raised from Rs. 1, 5,700 to Rs 5,05,300. As already explained in my Memorandum, the heads mainly contributing to the enhanced revenue are 'Customs', 'Forests', 'Abkari and Ganja' and 'Railway'. Of these, 'Customs' comes first with an enhanced revenue of Rs. 2,23,200 over our budget estimate of Rs. 7,00,000 being the moiety we have realised from the British Government under the Interportal Trade Convention. A word

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of explanation may, I think, be not out of place as to why we under-estimated the receipt under the head. In explaining this, I cannot do better than repeat what I stated last year, viz., "Since it cannot be definitely known whether the excess receipt in the current year under 'Customs' would repeat itself, a sum of Rs. 7,00,000 only is anticipated next year, it being hazardous to over-estimate receipts." 'Forests' comes next with an increased revenue of Rs. 55,100, the revised estimate of receipts amounting to Rs. 5,38,800 as against the budget estimate of Rs. 4,83,700. The reduced revenue anticipated under 'Forests' has already been explained in my last budget speech as due to the fact that there was a dullness in the timber market then with no prospects of an early recovery. Contrary to our expectations, however, a larger sale in the quantity of teak and jungle-wood, an increased removal of trees by consumers and the value of the new area sanctioned to be leased out to the Mooply Valley Rubber Company are expected to bring in an enhanced revenue under 'Forests'. 'Railway' is the next item bringing in an enhanced revenue of Rs. 53,300 over the budget estimate of Rs. 11,25,000 which is mainly due to heavier traffic than expected. Another item expected to contribute to the increased revenue is 'Abkari and Ganja', which anticipates an increase in receipts of Rs. 48,900 over the budget estimate mainly on account of the larger receipts expected from current collections of independent arrack shops, the excise duty on liquor issued from the Distillery and the current collections of fermented toddy. Chiefly due to the receipts from tolls and ferries the revised estimate under 'Public Works' is fixed at Rs. 2,00,300 against the budget estimate of Rs. 1,70,400 thus showing an increase of Rs. 29,900. Against these increases, there are also appreciable decreases in revenue chiefly under 'Interest' and 'Education'. Under 'Interest' the revised estimate is fixed at Rs. 1,67,800 only as against the budget estimate of Rs. 2,70,300, the large fall of Rs. 1,02,500 being chiefly due to the non-realisation of the interest from the Sitaram Company, the fall in the bank rate of interest, etc. 'Education' too anticipates a decrease in receipts of Rs. 18,100 from the budget estimate of Rs. 3,30,300 mainly due to the fall in strength of pupils in the Secondary schools.

EXPENDITURE.

Turning to expenditure, we anticipate savings to the extent of Rs. 31,900 in the budget estimate of Rs. 68,91,000. The heads showing substantial decreases are 'Education', 'Miscellaneous' and 'Military'. Against the savings under these

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heads we anticipate a large increase in expenditure of Rs. 51,500 over the budget estimate of Rs. 11,45,300 under 'Public Works' mainly on account of the Mattancheri Water Supply Scheme. The reasons for these several variations having been detailed in the explanatory Memorandum, I do not propose to take up the time of the House by traversing the same ground again.

Thus, if we regard the results as a whole, I hope that it will be admitted that strict economy has been enforced in all departments. No doubt, some of our friends may point out that we have not made provision for those subjects in which they are specially interested ; but there can, however, be no difference of opinion that it is better to err on the side of caution, that it is better to have a budget which leaves us some balance on the right side than a budget with a deficit, since the additional balance in reserve will enable the Government to be prepared for any rainy day.

With the additional income and the savings in expenditure, we expect to close with a surplus of Rs. 5,05,300 thus raising the net surplus to the credit of the State from Rs. 48,24,146 at the beginning of the year to Rs. 53,29,446 at its close.

I shall now pass on to our programme of receipts and expenditure for 1103 M. E.

BUDGET ESTIMATES OF 1103.

For 1103, revenue is estimated at Rs. 75,21,400, i. e., Rs. 1,57,000 more than what is now anticipated for the current year and for expenditure, Rs. 73,63,300 is provided which is Rs. 5,04,200 in excess of the revised estimate of the current year. The transactions of the year are thus expected to result in a surplus of Rs. 1,58,000.

RECEIPTS.

Coming to details, the heads under which substantial increases in revenue over the receipts of the current year are anticipated are 'Interest', 'Forests', 'Tobacco', 'Public Works' and 'Education'. The increase of Rs. 1,11,700 over the revised estimate of Rs. 1,67,800 expected under 'Interest' is to be attributed chiefly to the anticipated realisation of the interest with arrears on the loan advanced to the Sitaram Company and to the possible additional investments. The improvement under 'Forests' (Rs. 85,200) is chiefly due to the fact that larger quantities of timber are proposed to be sold in the coming year. As

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